

COTY

# Beauty That Lasts

## Sustainability

### Report 2021





This disclosure marks Coty’s second year of reporting on our dedicated sustainability strategy, Beauty That Lasts. Covering our 2021 financial year from July 2020 to June 2021 (FY21), this report outlines our progress towards achieving the targets set out in the strategy and shares plans for the year ahead.

The report also outlines our commitment and progress in line with the Ten Principles of the UN Global Compact. Selected data provided has been independently assured by KPMG; in this report, verified data is indicated with the symbol ✓.



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# Letter from our CEO

“My vision for Coty is a purpose driven company that reflects the communities we are part of, celebrating all the expressions of beauty that exist and will exist. This is a Coty that becomes an industry leader in sustainability, and one which uses science to deliver transformative change”.

At Coty, sustainability is the ultimate driver of innovation. Never has the imperative of change and need for innovation been more apparent or urgent. Climate change is rapid, widespread and intensifying, while the global landscape is riven with social issues of enormous complexity, many of which have been intensified by the Covid-19 pandemic.

I believe that today’s consumers rightly want more from the beauty sector. They’re looking for products that are cleaner and greener. They’re looking for brands they can trust, relate to and be inspired by. They choose brands that help them to be whoever they want to be. They’re open to doing things in new ways – from the way they buy their products to how they use and reuse them.

The opportunity this creates for us at Coty is exciting. It drives us to push ourselves, to find new ways of doing things that will make us ever more relevant to our customers and consumers, while reducing our environmental impact.

That’s why our Beauty That Lasts strategy is so important to me, and why we have made sustainability one of the six pillars of our long-term strategy. My vision for Coty is a purpose driven company that reflects the communities we are part of, celebrating all the expressions of beauty that exist and will exist. This is a Coty that becomes an industry leader in sustainability and one which uses science to deliver transformative change.

Our pioneering new partnership with LanzaTech is just one example of the power of innovation in practice. It enables us to transform carbon emissions into sustainable high-purity ethanol for our fragrances – the ultimate upcycling. And it provides a route to creating a high-quality product which consumers can feel genuinely proud to use.

Our ability to deliver progressive change lies in the hands of our people. I want to lead a company made up of a diverse group of associates who feel valued for what they do and respected as people, in all of their beauty and complexity. So our work to enhance the associate experience and deliver a culture of true inclusivity is vital to me. This includes our renewed focus on Diversity, Equity and Inclusion, Employee Resource Groups, and wellbeing.

You’ll find more about how we are working to pave our way to delivering Beauty That Lasts, in every sense, in the pages of this report. It shows where we are and charts the future we want to create.



*Sue Y. Nahi*

**Coty, Chief Executive Officer**



# Beauty That Lasts

Our sustainability strategy, Beauty That Lasts, is our path to delivering a more sustainable and inclusive world, and the way we will deliver on our strategic goal of becoming an industry leader in sustainability. Launched in February 2020, it is structured around three pillars: Product, Planet and People.

This has been a year of transformation for Coty. We have come together under new leadership and are reshaping our company to deliver against our new strategic vision, of which sustainability is an integral part. We have made progress across all the pillars of our strategy and have laid the foundations which will propel us towards industry leadership in this space.

This is exemplified by the development in our Beauty That Lasts targets, including a new commitment launched earlier this year on gender pay equity. It is also reflected in the work we have done to establish a comprehensive environmental footprint, which will serve as our new baseline for the establishment of science-based emission reduction targets following our divestiture from the Wella Company in FY21. Based on this footprint, we are setting new environmental targets reflective of our size and scale, and the level of ambition we have around the role we want to play in contributing to a more sustainable future.

We continue to measure our progress against the targets and priority Sustainable Development Goals (SDG) identified within our Beauty That Lasts strategy. The table on [page 5](#) presents an update on our activities and identifies where more information is available within this report.



SDG

Our Targets

Our Progress in FY21

Read More

The Beauty of our Product



As of 2020, include sustainability criteria in the conception of all new products.

As of 2020, share progress on our High Profile Ingredients and Materials management process annually.

*Following Coty's separation from the Wella Company, we are resetting our packaging targets in line with our new environmental baseline, and will have a new target to report in Calendar Year 2022.*

Since 2020, all products under development have been assessed using the Beauty That Lasts Index.

Coty provides updates on High Profile Ingredients and Materials management process through yearly sustainability disclosure, including this report.

Beauty that Lasts Index, [Page 11](#)

Expanding Clean Beauty, [Page 10](#)

Packaging, [Page 12](#)



Improve responsible sourcing and transparency in our supply chains by:

Purchasing 100% mass balance-certified palm oil for our production sites by 2022, and our third-party manufacturers by 2025.

Ensuring 100% of Indian Mica is responsibly sourced by 2030\*.

Our Roundtable on Sustainable Palm Oil progress is pending external validation.

100% of Indian mica is sourced from suppliers who are members of the Responsible Mica Initiative.

Responsible Sourcing, [Page 14](#)

The Beauty of our Planet



*Following Coty's separation from the Wella Company, we have done an elaborate environmental footprint and are resetting our carbon and energy reduction targets, in line with the Science-Based Targets initiative.*

Total energy reduction compared to the new baseline of 2019 for the same scope was 10%.

All factories and distribution centers are now using renewable electricity.

23% reduction in market-based Scope 1 and 2 greenhouse gas emissions compared to the new baseline of 2019.

Coty is now doing monthly reporting on greenhouse gas emissions linked to its owned downstream transportation.

Climate Action, [Page 19](#)



Send zero waste to landfill and recycle 80% of waste generated by our factories and distribution centers by 2030

Less than 0.5% of factories and distribution centers' waste was sent to landfills.

Over 74% of waste was either reused, recycled or composted.

Waste, [Page 22](#)

The Beauty of our People



Achieve gender balance in our leadership positions by 2025.

Broaden the measurement and reduction of gender pay gaps by 2025.

Pay equitably for similar roles and performance, regardless of gender, by 2022.

Coty's Executive Committee is majority female and Board of Directors is evenly gender-split.

Coty is now tracking gender pay equity across the entirety of the business.

Gender Equity, [Page 31](#)



Roll out diversity, equity and inclusion training for all associates by 2025.

Continue to support the Charter for Change initiative and make our business more accessible to people with disabilities by 2025.

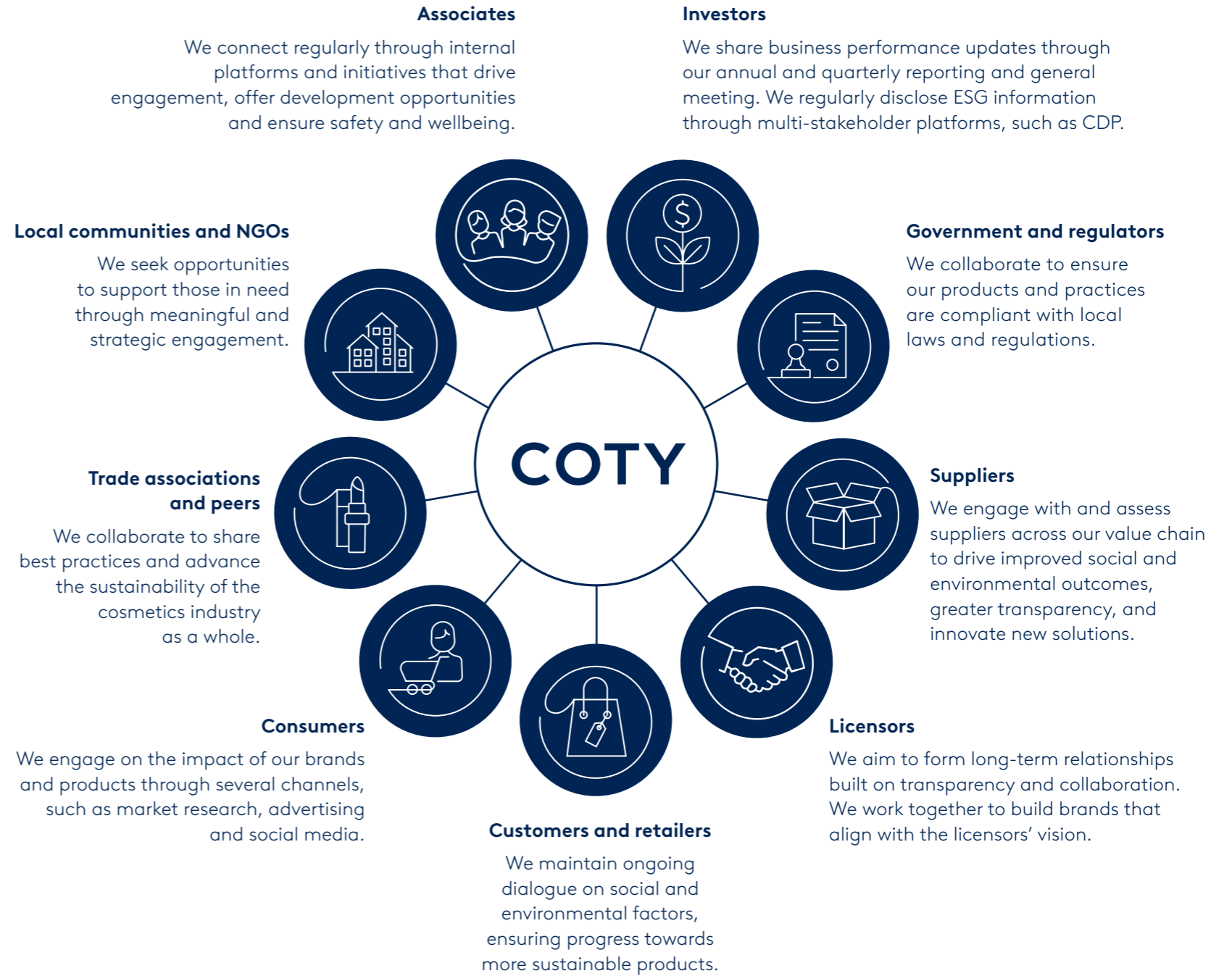
Coty launched a new diversity, equity and inclusion training curriculum for all associates.

Coty remains a signatory of the Charter for Change.

Diversity, Equity and Inclusion, [Page 29](#)

# Engaging our Stakeholders

Our Beauty That Lasts strategy is informed by the needs of our stakeholders, with whom we maintain ongoing dialogue through a number of channels. The perspectives we capture through these engagements help to shape and strengthen our approach to sustainability, while reinforcing our relationships with those who impact and are impacted by our business.





# Beauty of our Product

Our products have an important role to play in building a sustainable future. To respond to evolving social and environmental challenges, sustainability is at the heart of our product creation, from design and development through to procurement of materials.



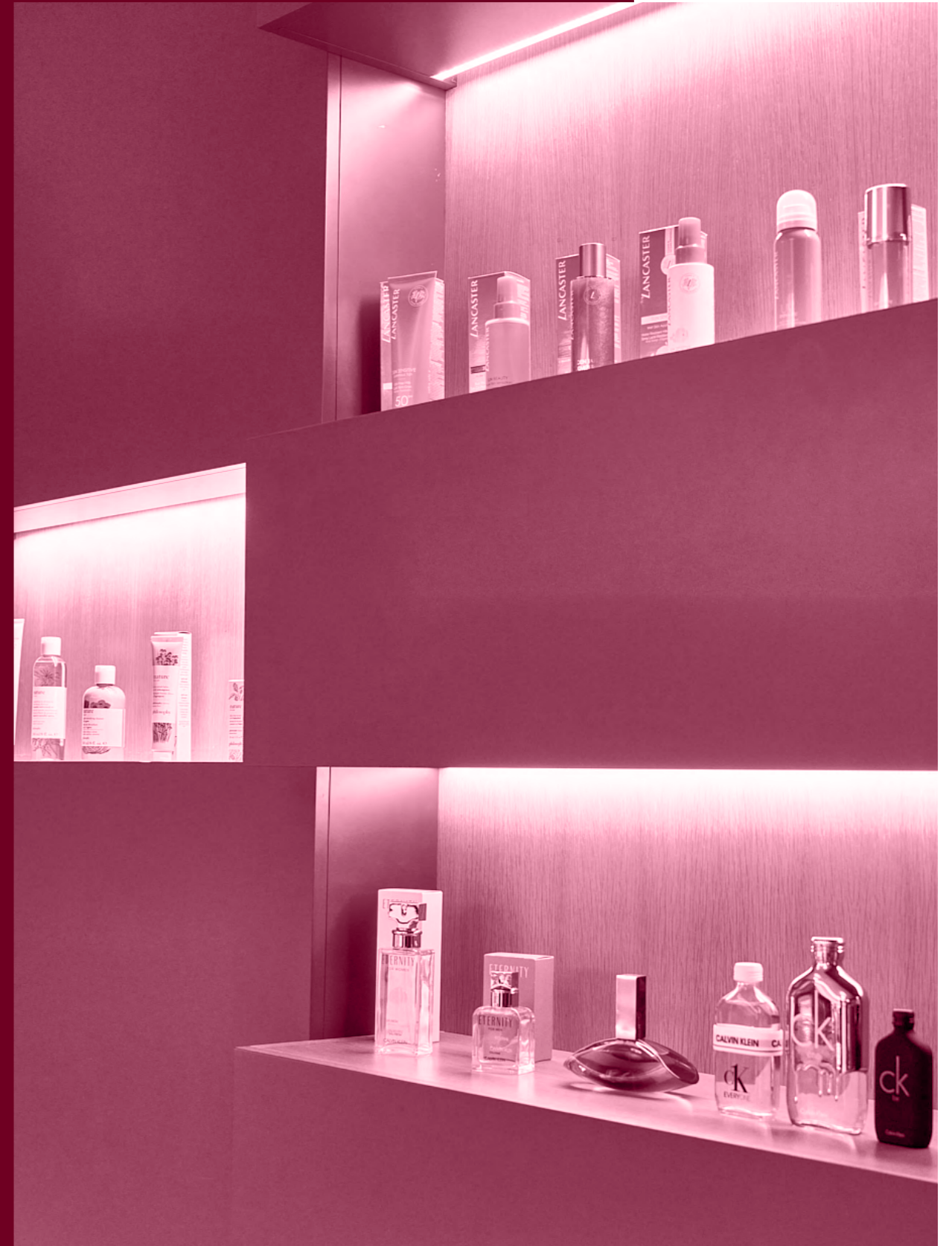
## Innovating Sustainably

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## Responsible Sourcing

Page 14



## Innovating Sustainably

We are changing the way we design, formulate and manufacture, in order to minimize our environmental impact and create more innovative, cleaner products.

### Targets

- As of 2020, include sustainability criteria in the conception of all new products
- As of 2020, share progress on our High Profile Ingredients and Materials management process annually
- *Following Coty's separation from the Wella Company, we are resetting our packaging targets in line with our new environmental baseline, and will have a new target to report in Calendar Year 2022.*

“Our consumers are demanding cleaner, greener products, which gives my function a clear mandate to use science to unlock sustainable business growth. I have always been passionate about nature, which is probably why I decided to study biochemistry. So it's personally exciting that green science, cleaner formulations and integrating sustainability into new product development are all part of our Coty success formula.”



*Thierry Molière – SVP Sustainability, Technology & Innovation*



## Green Science

Our Research and Development (R&D) function works to leverage the best that nature and science have to offer. By working hand-in-hand with our ingredients suppliers, we use the latest innovation and technology to minimize the pressure of our products on natural resources. This is reflected in how we define Green Science and its three pillars: Green Chemistry, Biotechnology & Biomimicry and Green Extraction.

The founding pillar of Green Science is green chemistry. This is the design of chemical products and processes that reduce or eliminate the use or generation of toxins and hazardous waste. Green chemistry is based on 12 principles which apply across product design, manufacture, use, and ultimate disposal. It reduces the negative impacts of chemical products and processes on human health and the environment.

We apply the 12 principles of green chemistry in the production of Enhanced Hyaluronic Acid, which is a key active ingredient in our philosophy Hope in a Jar product. Some of the benefits of green chemistry include the fact that the reaction does not need any other solvents apart



from water, which is needed for the product stability (Principle 5) and that the ingredient is produced at room temperature (Principle 6).

Biotechnology and biomimicry are also central to reducing our impact on the planet. Biotechnology is the use of biology to solve problems and make useful products, and biomimicry is the design and production of materials, structures, and systems that are modeled on biological entities and processes.

An example of biotechnology in practice is the way we use plant cell cultures to produce active compounds, such as Plantago cell culture extract, which is an antiaging ingredient used in Lancaster 365 serum. This is a new way to produce an ingredient, whereby only a small amount of the plant is used in a lab and the plant is preserved in its environment. Therefore, there is zero use or waste of land. Thanks to specific stimulation of the cells, it is possible to prompt them to produce molecules of interest for skin care. The main benefits of this are the vastly reduced strain on nature, with no contamination and a process which is 100% pesticide and solvents free.

In the development of our fragrances, we source natural ingredients where it is possible and sustainable to do so. Where it is not, we turn to science. Biomimicry enables us to sample the olfactive signatures of nature in a completely non-destructive way. This means we can reproduce natural molecules - enabling us to get the best out of nature without the need to harvest raw materials. We use this technology in our fragrance portfolio. In particular, we apply biomimicry when the natural ingredient is rare, not easily accessible, or when the extraction cannot be done in a responsible way.



In addition to these two approaches, we also use green extraction to extract natural origin ingredients in a way that limits our impacts. Green extraction of natural product is based on six principles, including, for example, the use of renewable resources and reducing energy consumption. One approach is the use of supercritical fluids – fluids used are above the critical temperature and pressure conditions – to act as the extracting solvent. We use supercritical CO2 solvent in the extraction of our ginger extract, which is a key ingredient in our Lancaster Sun Perfect product. Here, the CO2 is the solvent itself and there is no remaining solvent in the final product, meaning it is 100% pure ginger extract.

These Green Science approaches are at the forefront of sustainable innovation at Coty, enabling us to work with more sustainable ingredients and reduce the impact of our processes on the planet.

## Expanding Clean Beauty

In addition to our focus on Green Science, we constantly strive to develop products that reflect our consumers' evolving needs. Increasingly, this means clean products that meet a growing consumer demand for ingredient transparency and minimalist safe formulas, that don't compromise on product quality. Today, we are building on CoverGirl's strong heritage as the inventor of clean makeup to expand our range of clean products.

Our Clean program responds to consumers' and retailers' desires to choose products for the presence or absence of certain ingredients. To that end, we have developed an internal Clean list determining controversial ingredients and aligning with our main retailers. This list goes beyond authorities' requirements and some of our main competitors. It is dynamic, updated on a regular basis as consumer expectations evolve.

Our clean beauty efforts are underpinned by the reformulation of our products. We have developed specific roadmaps for each of our product categories towards the phasing out of ingredients which are inconsistent with clean formulas. We base reformulation practices on thorough scientific analysis and our conviction that phasing out of certain controversial ingredients will benefit consumers, society and the planet.

As part of these efforts, we pay particular attention to High Profile Ingredient and Materials (HPIMs). We identify and monitor potential issues at a market level, using data from both the environmental and health research, and by tracking consumer concerns. Once an HPIM has been identified, we monitor it particularly closely and seek to address the concerns associated with it, or replace it with an alternative ingredient if necessary, always ensuring it does not compromise the quality of the product. In FY21, we expanded our management of HPIMs to include materials used in our product packaging, in addition to formulas. For more information on HPIMs and how we ensure the integrity of our products, refer to the [Product Safety](#) portion of this report.



## Beauty That Lasts Index

Our internal Beauty That Lasts Index is a qualitative tool to ensure that all new products are evaluated on their social and environmental profile. The index integrates sustainability criteria into the packaging and formula development process, allowing us to track our progress, continuously redefine our ambitions and take actions that drive forward sustainable beauty.

A range of social and environmental criteria are included in the index, which is used to score products on their performance, in order to improve design or inform future change. These criteria include elements like the use of naturally derived ingredients, reducing the consumption of resources, increasing the recycled content of our packaging, and driving positive social impact through brand partnerships.

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Sustainability criteria are now included in the conception of **all our new products**.

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Following the development of the index across 2019 and 2020, we set a goal to ensure that by the end of 2020 all products would include sustainability criteria in their conception. We are proud to report that this goal was achieved, with the index fully deployed across the product categories by November 2020, and in use for all new initiatives as of January 2021. The index is used across new product initiatives and reported as part of our product development process.

Our progress is monitored by our R&D team to ensure that all products are being evaluated and the scores are reported and analyzed. As a qualitative tool, the index was designed to evolve with the company strategy and focus. We are currently reviewing some questions in the index to ensure its alignment to Coty's evolving research and development and sustainability strategies.

### Coty's Product Development Focus Areas



# Packaging

Packaging plays an important role in protecting our products and informing our consumers, but it is also a significant hotspot of our environmental footprint, accounting for nearly half of our carbon footprint. To minimize this footprint, we aim to use less and better packaging. We are currently working on our new targets and associated roadmaps following the assessment of our environmental footprint and climate scenarios.

## Our efforts are guided by four pillars:

### Reduce

Wherever possible, we are reducing packaging weight, without compromising safety or quality.

### Reuse

We are exploring opportunities for packaging reuse through at-home or in-store refills.



### Recycled

We are increasing the amount of recycled material in our product packaging.

### Recyclable

To improve recyclability, we are working to simplify our packaging and to “design for recycling”.

We have repacked our popular CoverGirl Clean Pressed Powder. The product now uses 35% less plastic for the same consumer value.



### SPICE



As a member of the Sustainable Packaging Initiative for Cosmetics (SPICE), Coty is working with the world’s cosmetics organizations to move the industry as a whole towards more sustainable packaging. Through harmonized definitions, methodologies, and sharing best practice, SPICE aims to collectively shape the future of sustainable packaging for the industry.

Since 2020, Coty has deployed the SPICE Life Cycle Assessment Tool for embedding sustainability into the packaging design process. The SPICE tool is used to support decision-making when comparing different packaging solutions at product development stage, allowing us to promote eco design during product conception. The SPICE Tool, specifically designed for the beauty industry, complements our internal Beauty That Lasts Index, and will enable Coty to further drive and strengthen our sustainability focus.

## Looking Forward

Over the next couple of years, we will have more product launches showcasing our four packaging pillars. We will continue to build on these as we set new packaging targets and associated roadmaps based on our carbon impacts and circular principles.



## CASE STUDY

### Designing Lancaster Sun Sensitive for Sustainability



Today's consumers are seeking simpler, more sustainable products which align with their values and lifestyles. In recognition of this growing demand, in FY21 we relaunched the Lancaster Sun Sensitive range with new clean and ocean-friendly formulas. Laure Calvel, Vice President of Lancaster, shares what this means for the brand, and how she plans to continue delivering products that embody Beauty That Lasts.

#### What was the motivation behind the changes to the Lancaster Sun Sensitive range?

It's important to Lancaster that we are able provide our customers with solutions that meet their expectations for clean, sensitive and eco-conscious products, without compromising on quality. Besides offering the broadest sun protection, our Sun Sensitive range was driven by a commitment to find clean and vegan formulas that minimized our impact on ocean life.

#### What were the key principles guiding the product's redevelopment?

The entire process was guided by the standards set out by the Cradle to Cradle (C2C) Products Innovation Institute for products that are safe, circular and responsibly made. As a result of this, I'm happy to share that Lancaster's Sun Sensitive range has obtained Cradle to Cradle Silver level material health certification, indicating that approximately 100% of the ingredients in the collection meet the Institute's strict criteria.

#### What did this mean for the product formula?

We focused on selecting clean ingredients without any artificial dyes and using sun filters that respect both the skin and the environment. Compared to our previous range, Sun Sensitive contains 40% fewer ingredients, without compromising on efficiency and sensoriality.

#### What about environmental impact?

The Lancaster Sun Sensitive range was designed with ocean health in mind. The products are all delivered in eco-designed packaging and they feature an ocean-friendly UV filter system. The packaging contains at least 50% post-consumer recycled materials, and our folding boxes are made with paper from responsible sources to help reduce our environmental impact.

#### What's next for Lancaster?

Sun care is just the beginning – we're on a path to move forward with a more eco-friendly commitment on our skincare ranges as well, including new clean formulas. We're looking forward to the ongoing development of ever more sustainable products.



Laure Calvel, VP Global Brands, Luxury

## Responsible Sourcing

Our products are made with ingredients sourced all over the world, so we recognize that our impact extends beyond our own operations. We aim to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing our products and services to market, while reducing any negative impacts from our sourcing practices.

### Targets

Improve responsible sourcing and transparency in our supply chains by:

- Purchasing 100% mass balance-certified palm oil for our production sites by 2022 and our third-party manufacturers by 2025
- Ensuring 100% of Indian Mica is responsibly sourced by 2030\*

*\*In 2021, in reflection of the impacts of Covid-19, the political climate, and a change of project scope, the Responsible Mica Initiative (RMI) has updated its 2022 target to and aligned behind a new set of new ambitions for 2030. As a member of the RMI, Coty has correspondingly aligned our efforts towards these new 2030 ambitions.*

**“Coty has a complex global supply chain, so it is essential that we have the right structures in place to both manage potential risks and build a better, more sustainable business. I am particularly proud of our Responsible Sourcing Framework, which provides clear expectations and processes for buyers, ensuring we are partnering to meet our sustainability ambition.”**



*Imogen Hosker, Responsible Sourcing Director*

For Coty, responsible sourcing means actively sourcing products and services in an ethical, sustainable and socially conscious way. In line with this view, in FY21 we enhanced our supply chain management approach, establishing a comprehensive Responsible Sourcing Framework. This framework covers every element that is relevant to our external business partners and buyers, including: sourcing fundamentals such as risk assessment and audit; ingredients and traceability; and our approach to positively impacting the people in our supply chain. It will shape our procurement processes across the entirety of our business.

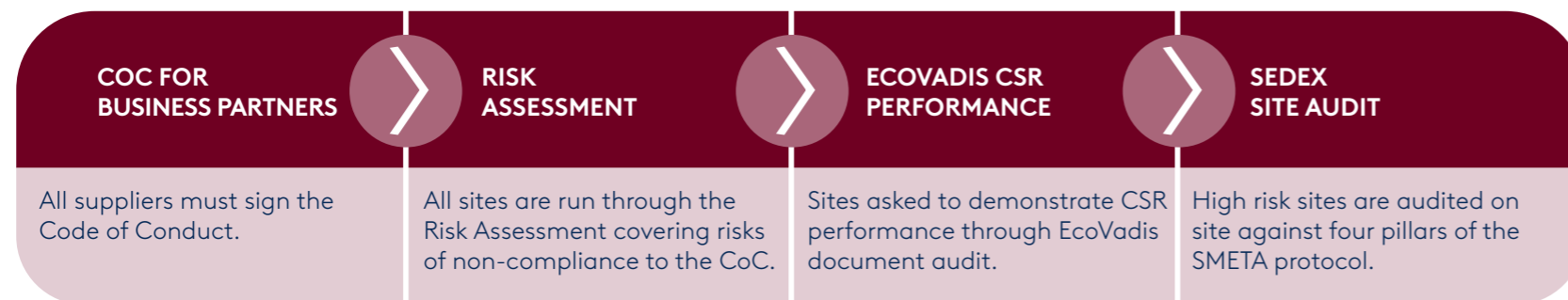
Within the Responsible Sourcing Framework, we have established key indicators to monitor progress in the management of our sourcing activities. We are now in the process of rolling out engagement and training sessions for our associates to ensure full understanding and effective deployment of the framework.

# Supplier Assessments

To ensure the integrity and sustainability of our value chain, we require suppliers to adhere to our Code of Conduct for Business Partners (CoC), which sets out our expectations for anti-corruption, data privacy and human and labor rights, among other practices. Compliance with the CoC or agreed equivalent is a requirement of working with us. We include the CoC when requesting quotes from suppliers and embed it within Terms & Conditions of purchase orders. As of June 2021, 459✓ business partners had signed the CoC. We now use the Ariba tool to ensure business partners sign through an efficient and automated process, with a monthly report to ensure adherence is respected and monitored.

We use several tools to manage the risk of supplier non-compliance with the CoC. Supplier sites are subject to a comprehensive risk assessment, which identifies the risks of non-compliance. Low and medium risk sites are required to provide evidence of their sustainability performance using either the SEDEX self-assessment questionnaire, or the EcoVadis 360° ESG assessment. For high-risk sites, suppliers are subject to an independent third-party site audit. Suppliers found to have poor performance through these screenings are supported to improve their practices through corrective action plans which set clear timelines for expected improvement.

## Coty's Supplier Assessment Process



In FY21, we rolled out Wave 3 of an ongoing supply chain compliance verification exercise to evaluate our suppliers using the Supplier Ethical Data Exchange (SEDEX) self-assessment questionnaire and on-site social audits. We also continue to use the EcoVadis 360° ESG assessment platform to evaluate our suppliers and drive responsible procurement practices. With this platform, both Coty and the supplier receive a report based on supporting documents from the supplier and 100,000 data points and references including from governments, charities, trade associations and stakeholders. In FY21, we also ran three training sessions for global category buyers and directors with EcoVadis experts, helping to strengthen our internal understanding of best practice in socially and environmentally responsible procurement.

**Sedex** 697✓ sites assessed

under the ethical trade program, of which, 159 have been further assessed through audit and 152 through self-assessment questionnaire

**ecovadis** 274✓ suppliers assessed

using the EcoVadis platform, with Coty suppliers scoring on average 28% higher than the overall EcoVadis average



As a major player in the global beauty industry, we are committed to driving collaboration that moves the industry as a whole towards better procurement practices. We engage in various industry partnerships to build momentum and share best practices.



Since 2017, Coty has been a member of AIMProgress, a network of businesses dedicated to promoting responsible sourcing practices. Coty is also a member of the network's targeted Impact Measurement Group workstream, which aims to align on an approach to measure the impact of responsible sourcing on people.



Coty is a founding member of the Responsible Beauty Initiative (RBI), a beauty industry effort to improve sustainability across supply chains by sharing best practices and processes. RBI members share a common pool of EcoVadis scorecards to track and improve sustainability performance of their suppliers and meet on a quarterly basis to exchange best practices.

In FY21, Coty participated in the publication of a **White Paper** which provides guidance and best practice for suppliers seeking to improve their sustainability practices and EcoVadis score. To support implementation of recommendations, Coty participated in two webinars, which collectively reached close to 500 participants.

## Materials and Traceability

Managing our supply chain responsibly means paying particular attention to those raw materials which present the greatest potential risk for harmful impacts.

### Palm oil

Due to the complexity of our supply chain, Coty primarily manages the impact of our palm oil derivative purchases using a mass balance approach. This means that while Roundtable for Sustainable Palm Oil (RSPO)-certified palm oil is mixed with conventional palm oil within the supply chain, the volume of ingredients we purchase corresponds to an equivalent volume of materials produced by an RSPO-certified plantation.

Our target is to purchase 100% mass balance-certified palm oil derivatives for use in our factories by the end of 2022. We are working to externally validate our progress against this target, in line with RSPO guidance. The pace of progress was affected by factors including our business transformation and separation from the Wella Company. Driving further improvement remains a key priority; we have engaged all suppliers and all production sites are included in our action plan.

We are now extending this commitment to cover our third-party manufacturers by the end of 2025. In line with the commitments set out in FY20, we will also publish a list of our tier 1 palm oil derivative suppliers by the end of 2021.



Since 2017, Coty has been a member of the RSPO, which works to improve sustainability standards in the palm oil supply chain. By sourcing palm oil derivatives through the RSPO scheme, we help channel investment towards growing methods that minimize the negative impact of palm plantations.

### Mica

We use mica, a naturally occurring mineral, in many of our products to provide a pearlescent effect. Within our supply chain, mica is sourced from several countries including the US and India. In India, and specifically the Eastern States of Bihar and Jharkhand, there are known risks of child labor in mining communities.

In 2021, the Responsible Mica Initiative (RMI) has updated its 2022 target to reflect a set of new ambitions for 2030. This reflects the impacts of Covid-19 on mine workers, a change in project scope, and the political climate in India - which has posed challenges for the implementation of a legal framework. As a member of the RMI, Coty has correspondingly aligned our efforts towards a new ambition: We will ensure 100% of Indian Mica is responsibly sourced by 2030. This target is delivered through three new 2030 pillars, aligned to the RMI framework:

- Ensure all Coty's mica sourcing from Jharkhand and Bihar is compliant with globally recognized responsible workplace standards
- Ensure all mica-dependent villages we source from are covered by community empowerment programs, thanks to a coordinated approach
- Advocate to have all mica workers benefiting from a clear and enforced legal framework

To improve the impact of our mica sourcing, we continue to strengthen traceability across our supply chain. We can trace all the mica we source to the country level. Of this, 68% of our mica is sourced from India, and 100% of our Indian mica is sourced from suppliers who are members of RMI, allowing for a collaborative approach. We continue to work on enhancing our traceability mapping to mine level and advancing the RMI's efforts by encouraging our suppliers to take part in pilot projects.





In 2021, Coty has also joined a new partnership between the RMI and the supply chain traceability platform, Tilkal. This is the first multi-stakeholder blockchain-based solution to improve traceability across mica supply chains. Together, the partners will launch a pilot project for an online platform providing full traceability of mica to the mine and processor level. Through the project, blockchain technology will be used to help make timely and accurate data collection possible across the entire mica supply chain, helping RMI to improve data transparency, maintain security and better understand the supply chain. We are one of eight companies taking part in the pilot, as of the launch of this report.



We are a founding and Board member of the RMI, a multi-stakeholder action group aiming to establish a 100% sustainable Indian mica supply chain, free from unacceptable working conditions and child labor. We participate in the annual RMI data collection campaign, sharing details of our mica sourcing, and are working towards full traceability of processing units and mines. We are currently prioritizing our direct sourcing to our factories, but we are also working on engaging with third party manufacturers on their sourcing of mica.

### Fragrance Oil Traceability

Traceability and greater transparency are critical to building a sustainable supply chain. Further to the initiatives set out on palm oil and mica, in FY21 we mapped the key high-volume natural raw materials within our fragrance formulae. Using this mapping and a risk matrix-based approach, we have set our suppliers targets for the level of traceability we expect for these 14 materials. Within this matrix approach, the level of traceability expected from suppliers has been determined based on factors including risk level associated with the sourcing region, complexity of value chain, volumes sourced by Coty and number of sources.

Our expectation is for suppliers to work towards each of these 14 materials being traceable to a region level and for the supply chain to be mapped up to identified farm level. We will be continuing to engage with our fragrance oil suppliers around these targets and, moving forwards, will be looking to extend our mapping beyond these first 14 fragrance formula raw materials.

### Looking Forward

We will continue to strengthen our supply chain management practices with a harmonized system for mapping supplier sustainability performance. We are rolling out our Responsible Sourcing Framework internally and will continue to work with suppliers to support their improved social and environmental performance. This includes a partnership with EcoVadis to roll out the Carbon Action Module – a new supplier carbon assessment used to track progress towards greenhouse gas emission targets and Science Based Targets initiatives.

We also recognize the need to positively impact people's lives through leveraging our external supply base. This includes not only protecting and preserving human rights but also championing diversity, equity and inclusion in the communities we source from. As we work to strengthen our supply chain, we aim to identify new opportunities to engage with partners and suppliers to drive targeted improvements in social outcomes.

**“Creating long-lasting change for mica workers is only possible through a collaborative approach. Together, RMI members are working to overcome complex and interconnected challenges in community wellbeing, driving progress towards a sustainable mica supply chain.”**

*Fanny Fremont, Executive Director, Responsible Mica Initiative*





# Beauty of our Planet

Conserving and protecting the natural environment is a vital part of our responsibility as a business. We are committed to minimizing the environmental impact of our operations and preserving resources for generations to come.



## Climate Action

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## Water

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## Waste

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## Biodiversity

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# Climate Action

We recognise that urgent and concerted action is needed from all sectors to prevent global climate change and are actively working to minimize the climate impact of our business.

## Target

Following Coty's separation from the Wella Company, we have done an extensive environmental footprint and are resetting our carbon and energy reduction targets, in line with the Science-Based Targets initiative.

**“ We are working hard to reduce our carbon footprint in supply and production. I'm delighted to say we have transitioned all our supply chain sites to renewable electricity, leading to a reduction of our emissions of 70% for these sites in FY21 compared to 2019. Beyond our plants, we have recently invested in the capability to accurately measure the monthly carbon impact of transporting our products, allowing us to really take clear actions here to reduce this. I am very excited about how Supply Chain is contributing to turning Coty green.”**



*Ray Murray, VP Quality and Sustainability, Supply Chain*

In FY21, following our separation with the Wella Company, we launched a review and update of our climate strategy, with the intention of setting out revised and developing an updated roadmap for their achievement. As part of this process, we have recalculated our baseline carbon footprint to set a firm foundation from which to build a relevant climate strategy. Due to the impacts of Covid-19 on our operations in 2020 our baseline footprint has been calculated for the calendar year 2019.

This environmental footprint covered carbon emissions for our full value chain following the GHG protocol. Below is a summary of the results per categories. The results are consistent with other companies in our sector with our Scope 3 and in particular the Category 1: Purchased goods and services, representing the majority of our footprint.

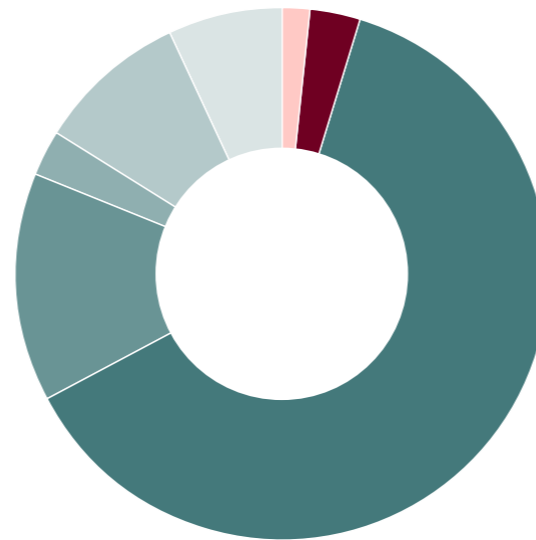
As we build our climate roadmaps, we are focusing on our key hotspots Purchased Goods and Services; in particular our Packaging and Raw Material impacts, and Transportation, as well as the emissions from our own operations (Scopes 1 & 2). We have engaged with the Science Based Target initiative to validate our target.

Meanwhile we continue to monitor and report the climate impacts of our own operations as well as other sources of emissions that we directly manage.

We are also continuing to progress our reporting, including that of our scope 3 emissions. Over the last year our Supply chain team has worked with EcoTransit to put into place the monitoring of our greenhouse gas emissions linked to freight. Since July 2021, we now have a monthly reporting of all Coty-owned freight (Category 9: Downstream Transportation). In addition to more accurate carbon reporting, we are now able to optimize our transportation network and make the best business decisions.

As part of our climate strategy, we are committed to participating in initiatives which drive collaboration and transparency. Coty has been a supporter of the We Are Still In initiative since 2017 and has pledged support for the Paris Agreement. We publicly share our progress on our climate strategy through annual submissions to CDP's Climate Change disclosure.

**Greenhouse Gas Emissions by Scope**



● <b>Scope 1</b>	<b>1.8%</b>
● <b>Scope 2</b>	<b>3.1%</b>
<b>Scope 3</b>	
● Cat. 1 Purchased goods and services	<b>63%</b>
● Cat. 4 & 9 Upstream and downstream transportation and distribution	<b>14%</b>
● Cat. 2 Capital goods	<b>3%</b>
● Cat. 11 Use of Sold Products	<b>9%</b>
● Other Categories	<b>7%</b>

## Energy Consumption Within Our Operations

We recognize that our climate impact extends across our value chain but actions have to start within our own operations, and in particular our factories and distribution centers. Today all our supply chain sites have a three-year roadmap looking at electricity and other fuel reductions and the integration of further renewable energy. In FY21, we achieved a first step on our previous commitment to have 100% renewable electricity by 2030 for all sites, by transitioning all our factories and distribution centres to renewable electricity. All our factories and distribution centers are now using renewable electricity from the grid or electricity purchased under Renewable Energy Certificates (RECs).

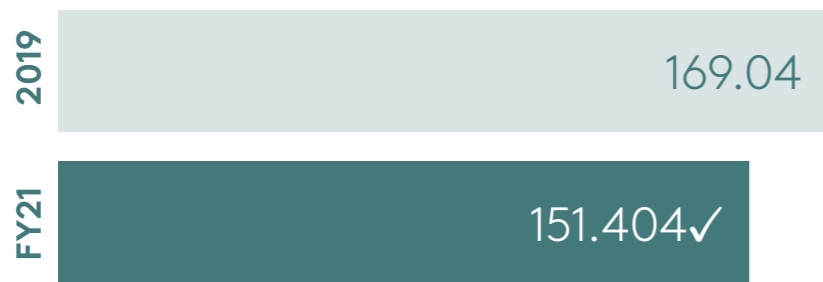
All of our factories and distribution centers are powered by renewable electricity.



Coty is a member of the RE100, a global initiative of over 300 influential organizations committed to 100% renewable electricity. Our membership to RE100 has been instrumental in the past year to transition our supply chain sites to renewable electricity. We have applied our learnings from the forum to start this transition and are working with the group to extend our renewable electricity transition to the rest of our portfolio. RE100 has also allowed us to participate in events like the NY Climate Week, raising our internal expertise on the topic.

In addition to transitioning to renewable energy, we continue to reduce energy consumption in our factories, distribution centers and offices. These efforts are supported by our factories and distribution centres' sustainability network. Our sustainability site leaders meet monthly to share knowledge and promote collaboration for improved energy performance. The sustainability network has defined sustainability plans with long-term commitments and yearly targets for our operations and continues to roll out new initiatives to support these plans.

Total energy consumption (GWh)



In FY21, we have had reduced our total energy consumption by over 10% compared to our new 2019 baseline for Coty's new business scope. With the transition of our supply chains to renewable electricity, we now source over 57%✓ of our energy consumption from renewable sourcing. While we have been using renewable electricity contracts or RECs, we are also investigating alternative sources of energy, notably to reduce our scope 1 emissions. We have now a few sites using solar panels for a portion of their energy and our biggest factory has been using a biomass boiler fueled by old and damaged wooden pallets. We are investigating further opportunities for the inclusion of renewable energy.

In total, over **57%✓** of our energy consumption comes from renewable sourcing

In March 2021, our Monaco factory committed to the National Energy Transition Pact of the Principality of Monaco. Through this program, the site has calculated its own carbon impact, and is encouraging its employees to commute by public transportation. Energy reduction and waste management are strong focus areas of the Pact and we are looking to collaborate with other companies on these topics.



Powering our factories renewably means that in addition to purchasing renewable energy for our factories and distribution centres, we're looking for ways to generate our own green energy on site. In FY21 our factory in Wujiang, China installed solar panels to heat water for onsite processes and facility needs. The solar panels will prevent the consumption of 10,000 cubic meters of natural gas per year, helping to make Coty's operations greener. It is a key step as we continue to look at different options to reduce our onsite energy usage.



➤ Looking forward

Guided by our new climate baseline, in FY22 we will continue to build on this work to develop reduction roadmaps and map our ambitions in this area. These targets will be informed by the guidance provided by the Science-Based Targets initiative (SBTi), and we intend to submit our target to the SBTi next year. This will include internal roadmaps for our main emission categories as well as our direct impacts.

Our sites are continuing to work on energy reduction and transition. We are looking at different options to integrate more renewable energy. Over the next couple of years, we will also focus more efforts on energy optimization for our R&D centers in particular. We continuously try to improve our monitoring and reporting, including for our car fleet, which will be integrated as part of our climate roadmaps. Monthly reporting of our owned transportation impact as well as the introduction of the EcoVadis Carbon tool will be two significant steps to improve our monitoring of our scope 3 emissions. As we strengthen our reporting, we can find new ways to minimize our carbon footprint.



## Waste

As global waste generation continues to grow, as well as the impact associated with this disposal of this waste, it is essential that we are effectively managing the waste produced by our operations. Reducing, reusing and recycling our waste is not only part of our environmental responsibility, but offers important opportunities for the efficient use of resources.

At Coty's USA factory in Sanford, North Carolina we're working hard to ensure that any waste which we cannot avoid generating is disposed of in the most sustainable manner. Our nail polish manufacturing processes create a volume of flammable waste which could be detrimental to the environment if not responsibly disposed of. Instead of sending this material to hazardous waste incinerators, with the help our waste disposal partners, our nail polish processing waste is blended with other waste materials to create a fuel alternative for the cement industry. In doing so, we're able to prevent the consumption of additional fossil fuels, turning our waste into a resource.



### Looking forward

We continue to focus on better monitoring and separation of different waste streams across our sites, in order to improve our average recycling rates across factories and distribution centers. Additionally, we are looking to expand our work with partners to focus our efforts on the donation of excess products where possible, as these present some of the most challenging categories to recycle. Over the next year we will also focus more of our efforts on R&D centers to reduce waste generated by them and increase their recycling rate.

Over the last year, our Senador Canedo factory has partnered with Polpel to develop a recycling methodology for label release liners. Previously, the waste due to its composition could not be recycled, impacting costs for disposal and destruction, and bringing a negative impact on the environment. After the training of our team to collect and recycle this label backing paper, we achieved a 94% recycling rate, delivering both financial and environmental advantages. Today we have recycled 63 tonnes of release liner. This has helped the factory increase its recycling rate by 3%. The project has won a Coty internal sustainability award.

## Target

Send zero waste to landfill and recycle 80% of waste generated by our factories and distribution centers by 2030.

We have continued to progress towards our waste targets. During the last year, only one of our distribution centers was still sending waste to landfills, from a source controlled by our landlord. This represented 0.3% of the waste generated by our distribution centers and factories. We are continuously monitoring our waste to reduce it and find the best possible treatment. Across our factories and distribution centers, our recycling rate was close 75% compared to our new baseline of 73% for the same scope.

Through various projects across our manufacturing and distribution sites, we have reduced our waste generation by over 2,700 tonnes compared to our calendar year 2019 baseline. This represents a reduction of waste of over 11%.

Only **0.3%** of waste generated was **landfill**.

Our **recycling rate** was close to **75%**.

# Water

Water is both a critical input for our operations and an important planetary resource. We have a responsibility to reduce our water consumption wherever possible and are continuously working towards enhanced water efficiency.

“Every day in our Coty factories, we are purifying our incoming water before it is added to our products or used to clean our equipment. We see water as a precious resource. We continue to find new ways to reduce our water usage and decrease our impact on our local water sources.”

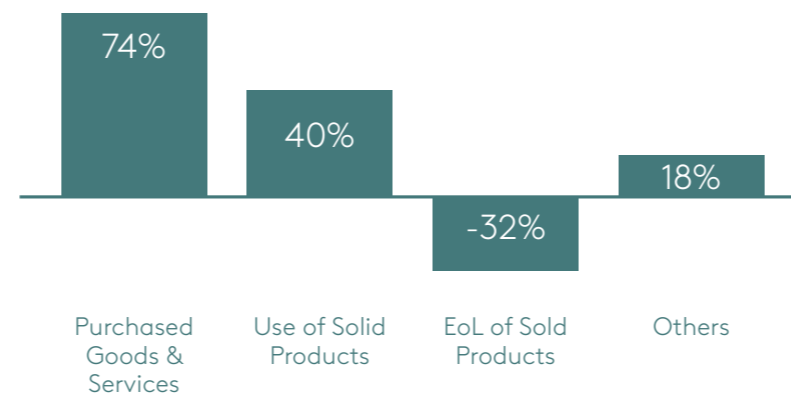


*Pamela Kalb, Engineering Director and Sustainability Leader Make & DCs.*

Following our separation with the Wella Company, we conducted an elaborate environmental footprint in FY21 including our water impact across our full value chain and our products’ entire life cycle. Through this assessment, we identified our main water impacts. The footprint was based on the 2019 calendar year to reflect normal activities prior to the impact of Covid-19.

Our main water impact is across our purchased goods and services. Under purchased goods and services, ingredients and materials of natural origins used for our products, like ethanol or paper-based packaging, have a notable water footprint. As they are plant based, they require water to grow, and water will also often be used in the transformation process. Similarly, materials made using hydroelectricity will have significant water impact.

### Water consumed and discharged per category



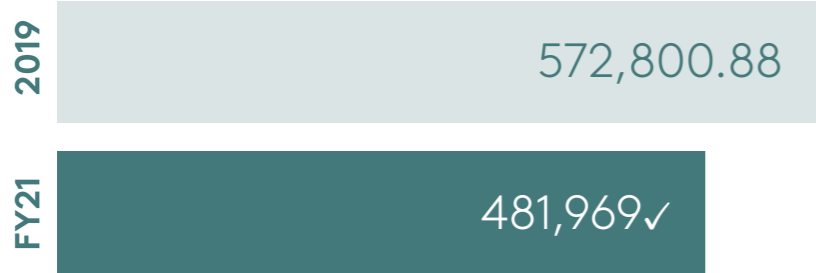
Our next largest impact is the water needed for the use phase of some our products. Bodycare or haircare products require water to be rinsed-off and therefore represent an important water hotspot. However, as shown in the graph, this is mostly compensated by the wastewater going back into the system after the use of the product.

The water consumption of our own operations represents only 1.1% of our overall footprint.

**Water consumption in our operations**

This year we recorded a 16% reduction in water consumption compared to our Calendar Year 2019 baseline.

**Water consumption (m3)**



Coty's largest production site in North America, Sanford, NC reduced their water usage versus year ago by 1,100m<sup>3</sup> while increasing their overall production output by over 15%. More efficient and effective process equipment and cleaning procedures were implemented; water saving bathroom fixtures were installed and improved the irrigation schedule for landscaping.



Across our global operations, we are continuously looking for new opportunities to reduce our water consumption, especially in our factories which have the highest consumption. Sites are including water measures in their environmental roadmaps. Through measures like on-site water recycling, equipment upgrades and internal engagement with our associates, we are reducing our water consumption and becoming more efficient in our water use. As an example, in FY21 we achieved an average of 7% reduction in water consumption per unit of product produced in our USA factories.

**Looking forward**

Following our water footprint and our separation with Wella, we now have a better idea of our water impacts. We will use these results to define priority areas, and if necessary perform additional assessments. Our own operations will continue to take actions to reduce their water consumption especially in our manufacturing processes, where sites' sustainability leaders meet once a month and share best practices on water and energy consumptions and waste management. In the coming year we will also increase this focus with our R&D centers for these operations to become more efficient.





# Biodiversity

Coty relies on the rich diversity of the natural world to provide the essential ingredients which compose our products. We recognise that our business operations have the potential to impact this diversity and are working to better understand and to minimize the effect of our operations on global biodiversity.

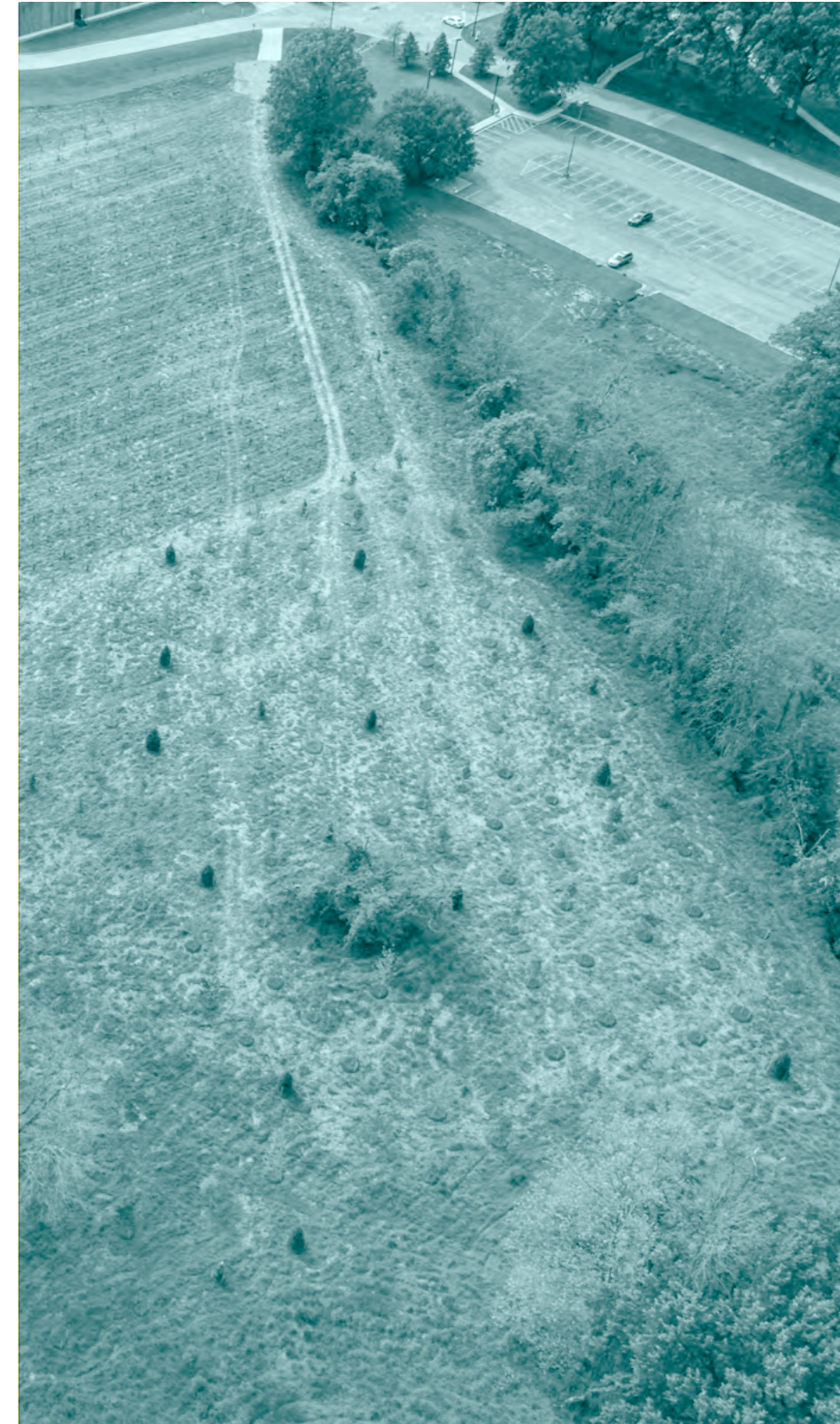
In FY21, we undertook an evaluation of the impact of our business on biodiversity. The assessment is the compilation of various indicators, such as land use and ecosystem quality. It gives us a holistic understanding of our biodiversity hotspots at the different stages of Coty's value chain.

Our biodiversity impact was summarized under one measure regrouping these different indicators:

- Aquatic & terrestrial ecotoxicity
- Aquatic & terrestrial acidification
- Aquatic eutrophication
- Water turbined
- Land occupation

Results indicated that the majority of our impacts on ecosystems come from the purchase of goods, especially raw materials and paper or cardboard packaging. In particular, natural ethanol alone represents over one third of the impacts of this category. This is due to the high volume purchased, but it will also differ from one crop to the next. For example, ethanol coming from wheat or from sugarcane cultivated in Brazil will have a higher impact on biodiversity than synthetic ethanol or ethanol from sugarbeet. This is one reason why we have explored an innovative and sustainable approach to sourcing ethanol: our new carbon-captured ethanol will help reduce our impact on biodiversity (see [page 26](#)). The second largest hotspot comes from the use phase of our products. Any products which have to be rinsed off will have a negative impact especially on aquatic ecosystems to the wastewater.

Following this assessment, as we are building our climate roadmaps, we are also prioritizing actions that also protect and reduce our impact on biodiversity.



*Coty has planted over 700 native trees to help protect the Chesapeake Bay area, especially its aquatic life.*



# CASE STUDY

## The Ultimate Upcycling: Carbon-Captured Ethanol



In FY21 we announced that thanks to a new partnership with LanzaTech, Coty will be the first company to use sustainable ethanol made from carbon-captured emissions in our fragrances – a major technological breakthrough with huge implications for the beauty industry. Thierry Molière, SVP Sustainability, Technology & Innovation, explains what this means for sustainability.

### What was the key motivator driving this project?

Our partnership with LanzaTech reflects Coty's belief that sustainability is the ultimate driver of innovation. Our Beauty That Lasts strategy is all about finding ways to manage and reduce our environmental impact and to accelerate positive change. Finding a sustainable alternative to a vital ingredient in the production of fragrances is a critical step to doing so, and in our ambition to become a more circular business.

### Why is ethanol such an important ingredient for Coty?

Ethanol is the largest volume of raw material purchased for fine fragrance, making up approximately 80% of the final product. It allows the dispersion of scent when the fragrance is sprayed, as well as helping to cool the skin.

### What exactly is sustainable carbon-captured ethanol?

Through this partnership, industrial emissions, which would otherwise be released into the atmosphere as greenhouse gases (like CO<sub>2</sub>), can now be transformed into ethanol and used in fragrance products.

Coty fragrances contain ethanol sourced from a range of natural raw materials - including sugar cane and sugar beet, which use land, water and fertilizers. This new sustainable ethanol from carbon-capture utilizes near-zero water consumption and reduces the requirement for agricultural land which, in turn, supports biodiversity. A screening life cycle assessment we completed shows a significantly reduced overall environment impact.

### What could be the next step in this development?

Coty has a goal of having the majority of our fragrance portfolio using ethanol sourced from carbon-capture by 2023. We are currently making progress in validating the supply and production of this new ethanol in our factories. The commercial implementation will begin as soon as this process is complete.



*Thierry Molière, SVP Sustainability, Technology & Innovation*



# Beauty of our People

We are committed to creating a more inclusive business and society. We want to create a culture in which our associates bring their true selves to work, in turn making Coty stronger for it. Our brands, who touch consumers around the world every day, also have an important role to play in society by challenging stereotypes and championing individuality and self-expression.



## Training & Developing Associates

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## Community Activity

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## Diversity, Equity & Inclusion

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## Training & Developing Associates

For Coty, an inclusive and supporting workplace is one in which all our associates are purposefully engaged and provided with opportunities to grow. We are committed to creating opportunities for our associates to develop skills, advance their careers and nurture their long-term employability.

We aim to enable our people and our business to flourish through sustainable and inclusive talent management. Our talent strategy is structured around three pillars: know our talent and capabilities; plan our workforce; grow and ready our people, teams and organizations.

It all starts with performance. At the beginning of the fiscal year, employees set goals with their manager for the next three months, six months or full fiscal year, depending on the most relevant timeline within their role for the employee. During the year, employees catch up regularly with their manager on their progress, with a particular milestone mid-way through the fiscal year. The mid-year review is an opportunity for our employees to celebrate the achievements of the past few months, reflect and take the learnings for the future. This quality check-in conversation enables our employees to adjust their priorities for remainder of the fiscal year in line with any evolving business need and, most importantly, know how they are making a difference in Coty. From FY22, we will also leverage this mid-year check-in to have a particular focus on quality development conversations, as part of our effort to bring to life our culture of development.

Inclusive talent management means we engage, nurture and care for all talents. Our employees are in the driving seat of their development, and their manager is their



co-pilot on this journey. Together, they build customized interventions and development plans, so the employee can progress on the agreed direction for their career, based on their career aspirations and current perspective of Coty.

We offer our employees a range of development activities, from learning formally through our Coty Academy (in which our employees can register and complete training courses in e-learning, blended learning or face-to-face format), learning from others through our mentoring schemes, learning through special projects and assignments or learning on the job. Our Coty Academy training offering – which we are revamping for a re-launch in time for FY22 mid-year review development conversations – covers a range of topics, from better understanding Coty as a business (including our business, culture and DE&I) to enabling our employees' personal effectiveness (leading self) and equipping our managers and leaders (leading others). In FY21, the average number of training hours per employee recorded on Coty Academy (via both e-learning and face-to-face) was 6✓ hours. This reflects a minimum, as not all face-to-face training is captured via Coty Academy.

From FY22, a people performance factor has also been introduced in our bonus plan for all people managers who are part of the Coty Leadership Team (CLT) to complement the business targets. While it is the responsibility of everyone within Coty to build a culture where we can all perform at our best, people managers have some additional responsibilities. People managers need to role model sustainable and inclusive people management to enable engagement, retention and long-term employability of our associates. With this change, the bonus element of CLT people managers' total compensation package will be linked to developing associates and play a part in creating an inclusive culture. We have also introduced a People goal into the goals process for all employees in FY22. This aims to increase the focus of our employees on developing themselves, their team and their organization.

## Diversity, Equity & Inclusion

We celebrate diversity in all its forms and continue to work towards building a more inclusive business. We recognize the importance of diversity at a leadership level and throughout our whole organization – including diversity of gender, ethnicity, ability, background, gender identity, and sexual orientation. We also reflect the communities we serve through our brands, which champion the diversity of beauty and beauty of diversity.

### Targets

- Achieve gender balance in our leadership positions\* by 2025
- Broaden the measurement and reduction of gender pay gaps\*\* by 2025
- Pay equitably for similar roles and performance, regardless of gender, by 2022
- Roll out diversity, equity and inclusion training for all associates by 2025
- Continue to support the Charter for Change initiative and make our business more accessible to those with disabilities by 2025

\* Senior Directors, VP and above \*\* Within our five largest markets and functions

**■ Inclusion is central to Coty, both because it is the right thing to do and because it makes business sense. We engage in candid conversations, educate ourselves and take concrete action for our colleagues and our consumers. As someone who has a physical disability, I can attest to the difference it makes."**

*Benoit Bourrigault , Global Head Diversity, Equity & Inclusion*



In FY21 we welcomed a new CEO, Sue Y. Nabi. As a long-time champion of diversity in the beauty sector, under her leadership our commitment to Diversity, Equity & Inclusion (DE&I) continues to be a critical business priority for Coty.

This year we accelerated our DE&I journey and established a refreshed approach in Coty. This focuses on changing conversation through engagement and education, and making systemic changes through policies and processes. Driven by both global and local taskforces, each progressively building their own action plans, this is a holistic, associate-powered approach to building an inclusive and engaging culture.

Diversity and inclusion is formalized in our Board Remuneration & Nomination Committee Charter; it is the responsibility of the Remuneration and Nomination Committee to review and assess Coty's strategies and policies relating to company culture, human capital and talent management, diversity and inclusion, including appropriate goals and disclosure, and review and monitor strategic initiatives associated with the Company's people and culture.

As we move forward, we will continue to deliver new initiatives, approaches and policies which strengthen our ability to act as a fair and inclusive business.

## Culture of Inclusion

We are committed to creating an equitable work environment that is free from discrimination and harassment, and where every associate feels free and proud to be themselves and has the support and tools to achieve their full potential.

### Engaging with associates

We raise awareness of the importance of inclusion, embed action and create a space where employees can share their thoughts on DE&I in a safe and authentic way.

In FY21 we developed and rolled out an additional new DE&I training curriculum entitled “Change the Conversation” which is designed to foster a more inclusive culture. It includes sessions on “DE&I Fundamentals” and “Unconscious Bias.” This training is available to all associates throughout the organization. Uptake has been strong, including with the global leadership population – over 85% of leaders have completed the training. Training on DE&I is also provided to all new hires as part of the onboarding curriculum.

Fostering inclusion within Coty also means providing our associates with the means to voice their unique stories and create change for the better. In FY21 we introduced Employee Resource Groups (ERGs) – voluntary, employee-led spaces for supporting and empowering employees of all different backgrounds. More than 400 associates have already joined an ERG, including over 35% of US associates, a figure which continues to grow month-on-month as we expand the ERG network.

### Eliminating Bias in Talent Management

Talent is spread everywhere, opportunity is not. Our DE&I approach recognizes the need for a multi-faceted approach to tackle diversity of talent and deliver an inclusive environment, from attraction and recruitment through to development and succession planning. Ensuring that our talent management processes and policies are structured in a way that minimizes hidden bias is an important component of this work.

In FY21, we launched programs designed to tackle gender bias, such as an internal executive mentorship scheme to prepare female executives for leadership. Mentees are nominated as part of our talent management process and offered a 12-month program, with monthly sessions, a mid-point check in with HR, learning sessions and networking opportunities. The initiative is sponsored by Executive Committee members, who take part in quarterly sessions with mentees to share their knowledge and experience.

Eliminating bias starts in our recruitment processes. In FY22, we are expanding our diverse recruitment program to ensure we are shortlisting candidates who represent the full diversity of talent that we know exists on the market. This includes incorporating important dimensions of diversity such as ethnicity, disability, sexual orientation and gender, as well as offering increased opportunities for young people from under-represented communities. Looking forward, we have launched a dedicated project to determine ambitions in this space and will be advancing our use of staffing software and working with external partners to drive further impact.

### Employee Resource Groups in North America

In FY21 our US operations established five ERGs: African Ancestry; Asian Ancestry; Hispanic & LatinX; Women’s Leadership Network; and Out+. The groups, which are led by the community and members themselves, carried out a number of initiatives throughout the year, including lunch and learn sessions to educate other associates about their community, mentorship programs, and cultural celebrations. The response to the ERGs from our associates has been overwhelmingly positive, and the launch of additional ERGs is targeted for 2023.

“The OUT+ North America ERG community has given me the opportunity to connect with so many Coty colleagues that I would have never met otherwise. It’s so special to come together and share so many of our stories with each other. The inclusivity of the OUT+ NA ERG already feels like a family!”



*Johnny Gonzales, Out+ North America Education Team Lead*

## Gender Equity

Since our inception, Coty has worked to uplift and empower women, both through our brands and within our business. As part of our ongoing efforts in this space we are also a signatory to the UN Women's Empowerment principles.

### Supporting Women in the Workplace

We actively seek to achieve gender balance across the entirety of our workforce, but particularly in leadership, where women's voices are not included enough. In line with this ambition, our Executive Committee is majority female and Board of Directors is evenly gender-split.

To drive progress towards our goals, part of our new DE&I approach is focused on strengthening leadership pipelines for women within our business. In FY21 this was reflected in the launch of key initiatives to connect women in leadership with up-and-coming talent, including listening sessions for women in leadership and our future women in leadership mentoring program. In addition to these platforms, our newly formed ERG for women in our US business will provide a platform for women in Coty to connect and support each other. We plan to launch similar ERGs in other markets in FY22.

We recognize that a key barrier to women's success in the workplace is the demands associated with motherhood. We make every effort to support our associates' ability to pursue their career while balancing the needs of their family. In the UK, we are pleased to announce the launch of a new benefit called Peppy. Peppy offers associates (or their partners) easy and free access to expert healthcare support relating to menopause, fertility, pregnancy and becoming a new parent.

In FY21 the percentage of women on our workforce rose to **62%✓**, with the proportion of women managers rising to **56%✓**. Total leadership representation stands at **38%✓**, while our Executive Committee is **60% female**.

### Fair Remuneration

We believe everyone should be paid fairly for the work that they do. That is why in March 2021 we set a new commitment to pay equitably for similar roles and performance, regardless of gender, by 2022. We are focusing on achieving gender pay equity for all employees.

Pay equity as a concept specifically refers to compensating employees the same for similar job responsibilities, while taking into account internal and external factors such as experience level and job performance which also impact remuneration. It differs from the gender pay gap, which is the difference between average pay for women versus men within the same category of jobs. In FY21, we refocused our gender pay monitoring to concentrate on pay equity, in line with our target to pay equitably for similar roles and performance, regardless of gender.

We have enhanced our monitoring of gender pay equity and are now tracking results across the entirety of our business as well as in our five largest markets. We spent the year deep diving and assessing our compensation and pay across the business. We worked at individual country level to deep dive into the employee remuneration at functional and category level. Following this analysis, we have started the work to take corrective action where needed. Early results show we are well on track to reach this ambitious 2022 target. In FY22, we will continue to monitor pay equity and work closely with all our countries and continue to analyze every employee in detail to ensure consistency and fairness. Pay equity continues to be a key focus.

Reaching pay equity is necessary to ensure there is no gap. However, to close the gap, we must also ensure an even representation of women and men within all levels of the company. The gender pay gap is the result of an uneven representation of women and men. That is why as part of our commitment to broaden the measurement and reduction of gender pay gaps, we also analyze the number of men and women at CLT level, to ensure an equal representation among our leaders.

DE&I is every associate's responsibility. At Coty, we use the power of our global and local efforts together to drive an even more inclusive workplace. For example, our local women in leadership taskforce brings together diverse voices to empower and inspire a future generation of female leaders at Coty, furthering our efforts to enable a gender equal workplace."



*Lauren McKenna, UK & Ireland Gender Taskforce Sponsor*

### International Women's Day

We continue to embrace International Women's Day (IWD) as an opportunity to focus on the importance of gender equity within our business and around the world, and in FY21 we increased our celebrations with a full month of activity across all markets.

This included 10 internal events in different countries, which showcased women throughout the business, hosted online panels and roundtables to reflect on gender issues, and shared engaging and informative content in multiple formats. We also launched four partnerships with non-profits, including Dress for Success, which helps women by providing professional clothing and support and advice for job interviews, and published 11 leadership perspectives.

As part of the charitable activity associated with IWD, we also donated 33,000 units of beauty products to over 10,000 women in China, including front line women fighting Covid-19, women working in poverty alleviation, and minority Miao women in underdeveloped provinces.





## Ethnicity, Geographic Origin & Cultural Diversity

There are many ways that people identify. At Coty, we recognize the value all these forms of diversity, which include ethnicity, the nationality or other geographic background that people associate with, and their culture. Ensuring that our associates adequately represent this diversity, is vitally important. That is why we, along with many others in the beauty industry, welcomed the challenge last year from Pull Up For Change to publish our diversity figures in the USA.

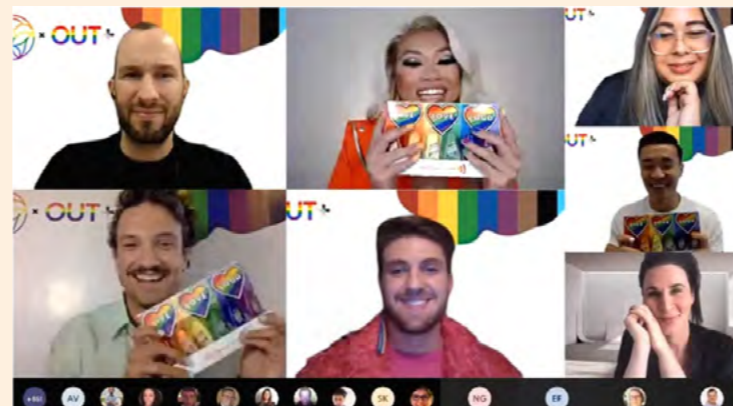
We have also seen the rapid development of the ERG network in the USA. This community now includes groups focused on Hispanic/LatinX Ancestry, Asian Ancestry, African Ancestry and more. Each ERG is helping to drive positive change, provide support and encourage personal and professional development.

Between our ERGs and local DE&I taskforces, we mark key heritage days with internal celebrations and awareness initiatives. Our North American ERG marked Juneteenth with lunch and learn on black history and the road to redemption, which saw large attendance, including from leadership. We also hosted 'Rock your Colors' – an initiative encouraging people to wear the colors that represent their heritage.

Our UK & Ireland DE&I Taskforce has driven action on anti-racism in FY21, with 60 anti-racism training sessions and four manager training kits deployed featuring information on key terminology and resources to improve understanding.

The Coty Headquarters in Amsterdam recently conducted a survey to understand the breakdown of nationalities within the office and found a total of 44 nationalities represented within the associate base. This statistic makes it clear why continuing to nurture a diverse talent base and embed a culture of inclusion is a key priority for us.

In FY22 we will be accelerating our work around ERGs to ensure associates across all regions and countries have the opportunity to be fully engaged in our DE&I journey. We are also planning to partner with local and regional organizations to further strengthen our engagement in this area and make sure that our actions are effective and tangible.



*Coty's global Out+ Brunch for Pride, featuring Sally Hansen's GLAAD partnership and external guest star Jujubee*

## LGBTQIA+ Allyship

We embrace all those in the LGBTQIA+ community and want to do all we can to help everyone express their individuality, in the workplace and beyond. We are committed to maintaining a workplace that is welcoming, safe and inclusive for all associates in addition to using the power of our brands to lend support to the community.

Coty takes action to support LGBTQIA+ associates in the workplace, including inclusive benefits for same- and different-sex spouses and partners, and a robust set of practices to support organizational LGBTQIA+ diversity competency. In FY21 we built upon these foundations with the OUT+ ERG in our US and Asia-Pacific region and developing gender transition guidelines to provide the framework for Coty to support associates who decide to transition whilst employed. We also took steps to educate our workforce through the launch of our globally available "LGBTQIA+ You" inclusion training and a campaign to champion the use of pronouns for International Transgender Day of Visibility; International Day Against Homophobia, Transphobia and Biphobia; and Pride month.

### Pride

Pride is an important opportunity to champion the LGBTQIA+ community and fight the injustices its members face. In FY21 we launched a month of global communication content focused on educating our associates, encouraging allyship, sharing the stories of LGBTQIA+ Coty associates and showcasing diversity and authenticity in our advertising.

**Over 1,000** associates joined our global virtual pride brunch, hosted by the US Out+ ERG and Sally Hansen

Coty brands **Calvin Klein, Marc Jacobs and Sally Hansen**, participated in pride-related messaging around inclusion including through Sally Hansen's ongoing partnership with GLAAD.

## Supporting People with Disabilities

Coty is a signatory of the Charter for Change, and is dedicated to ensuring the rights, freedoms, dignity, and inclusion of all persons with disabilities. To improve our capacity to support people with disabilities in the workplace, this year we initiated a gap analysis to assess accessibility in Coty offices in our five biggest markets. We also conducted an audit of national legislations and support available for the employment of disabled workers.

To mark International Day of People with Disability in December 2020, we launched an internal campaign to educate our associates. To help Coty better understand our landscape and provide the support that is needed, we also encouraged associates to voluntarily and confidentially self-declare a disability. We also used an episode of our internal Shades of Beauty audio series to highlight non-visible disability to our global associate audience.

Integrating employees with disabilities and helping them to maintain jobs has been a priority of our Chartres factory in France for many years, and it regularly exceeds the legal obligation for people with disabilities to account for 6% of the workforce – this year it reached 9.5%. Employees benefit from schedule adjustments, and the factory collaborates with a medical-social organization dedicated to people with disabilities.

## Diversity and Authenticity Across our Brands

Our brands are our most powerful tool for engaging people around the world and have a vital role to play in challenging traditional standards of beauty and championing individuality. Nowhere is this more important than in the advertising of our products and the way we represent beauty to the world.

Inclusivity is at the center of many of our brands' positioning. Calvin Klein first introduced a unisex fragrance in 1994, and in 2020 the brand released its new unisex fragrance, CK EVERYONE. Marc Jacobs Perfect, was the first launch of major brand to challenge beauty stereotypes through a campaign created with an inclusive cast of 42 individuals from varying backgrounds.

To ensure Coty and our brands reflect the diversity of our societies through a more inclusive and non-judgmental expression of beauty, in FY21 we developed new Responsible Marketing Guidelines. These set out a playbook for diversity and inclusion in advertising and product creation. The documents are intended to be a useful guide that will help encourage responsible, inclusive actions and advise on best practice in an ever-evolving sector, and will continue to be updated to keep pace with societal change and development. The guidelines have been rolled out internally, and a training program on the policy will be made available through the Coty Academy in FY22.





## CASE STUDY

### Partnering for inclusivity



Partnerships provide opportunities to collaborate with and learn from organizations focused on creating a more inclusive world. Since 2019, Sally Hansen has partnered with GLAAD, a dynamic media force pushing for LGBTQ acceptance. Kevin Shapiro, Senior Vice President of US Marketing, Consumer Beauty at Coty, and John McCourt, Senior Director at GLAAD, discuss how the partnership works and what it means to both organizations.

#### What's the history of Sally Hansen's partnership with GLAAD?

**Kevin:** We've been collaborating with GLAAD for three years now and are excited that our work together continues to grow. Our partnership began in 2019 with a focus on Pride month, and has expanded this year to include Spirit Day, the largest, most visible LGBTQ anti-bullying campaign in the world.

#### Why did GLAAD choose to partner with Sally Hansen?

**John:** It's very important at GLAAD to work with partners that express a willingness to go beyond just featuring the LGBTQ community in marketing or retail campaigns during Pride Month. GLAAD seeks partners that are willing to listen to our best practices for LGBTQ representation and embed those into the campaigns – something Sally Hansen has demonstrated from day one.

#### What did Sally Hansen's work with GLAAD look like this year?

**Kevin:** This year Sally Hansen once again collaborated on a limited-edition Pride Collection, offering a fun and exciting way for people to freely express individuality and pride. Following the success of this launch, which expanded into Walmart for the first time ever, we launched a second partnership moment in October of 2021 as an Official Sponsor of Spirit Day. We promoted purple shades from across all of Sally Hansen's nail lines, with a supporting awareness

activity. We also held our first GLAAD Instagram Live Hangout celebrating National Coming Out Day & Spirit Day with themed manicures. We have future Valentine's Day and Transgender Day of Visibility Hangouts planned for 2022.

#### What has this partnership meant for your organisation and for the LGBT community?

**Kevin:** For Sally Hansen, this partnership is about validating and amplifying our brand's inclusivity and ensuring that our brand intention can concretely go toward programs to help better the world for future generations.

**John:** Representation matters. And through three years of partnership, Sally Hansen has brought authentic LGBTQ stories and a message of inclusion and acceptance to retail stores, social media feeds, and into homes that GLAAD could not access without Sally Hansen. Young LGBTQ youth are able to see themselves represented in Sally Hansen's advertising and brand campaigns and know that they are growing up in a world that continues to strive for 100% acceptance of LGBTQ people everywhere.

*Kevin Shapiro (left),  
Senior Vice President  
of US Marketing,  
Consumer Beauty*



*John McCourt (right),  
Senior Director at GLAAD*





## Community Activity

As a global business, we recognize our unique capability to accelerate positive change within the communities in which we operate worldwide. We strive to support these communities through charitable contributions made to key strategic partners as well as through local activities and efforts driven by our associates.

In FY21 we continued our longstanding partnership with DKMS, an international non-profit fighting blood cancer and blood disorders. Through our contributions we support DKMS' mission to end blood cancer and help patients build up their confidence and self-esteem – a cause linked closely with our beauty heritage.

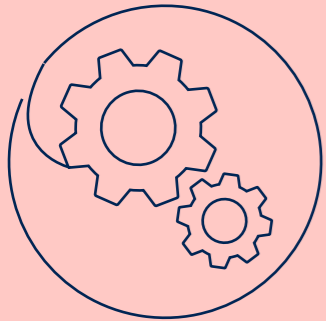
This year, we held virtual registration drives to encourage our associates and beauty fans around the world to join the DKMS registry as potential stem cell donors. Employing an innovative approach in our efforts, we also provided year-round campaign support to build awareness of the DKMS mission, including lighting the Empire State Building for the annual DKMS Gala, which was conducted virtually in FY21. To have the world's most iconic building and home to our US HQ shining red in honor of DKMS served as an incredible symbol of hope and strength for those affected by blood cancer.

We collaborate further with the DKMS family through our support for DKMS Life's Look Good Feel Better initiative to boost the physical and emotional wellbeing of cancer patients. In FY21, we made financial contributions to programs in Switzerland and Germany and donated make-up products and hand sanitizer for Look Good Feel Better make-up workshops.

As the world continues to suffer the impacts of the Covid-19 pandemic, we remain dedicated to doing what we can to support relief efforts. In China, as part of our International Women's Day activity we donated beauty products to front line women fighting Covid-19. Across our European and North American operations we donated disinfectants for frontline workers, charitable retail partners and our own Coty associates in FY21. This included 1,220 liters of disinfectants donated to municipalities and charitable partners in Germany.



In Poland, we partnered with Max Factor and the brand's make-up artist to prepare a series of make-up tutorials which showcase make-up tips and tricks to help women manage the appearance-related side effects of cancer treatment. The initiative was a great way to support Look Good Feel Better and the people it helped during the pandemic when the usual in-person workshops and programs were not possible.



# Fundamentals of Responsibility

We recognize that to achieve our targets, sustainable and responsible business practices need to be integrated across our business, and led from the top. Conducting our business ethically and responsibly, ensuring the integrity of our products and providing a safe and supportive working environment are fundamental to this.



## Ethical Behavior

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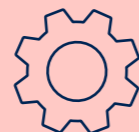
## Product Safety

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## Governance

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# Ethical Behavior

At Coty, we are committed to acting in compliance with the highest standards of ethical behavior as well as all applicable local, national and international laws. In doing so, we build trust among our associates, consumers and society.

Our global compliance program, “Behave Beautifully”, is designed to detect and prevent unlawful behavior and promote a culture of ethical business practice. With the support of our senior leaders, “Behave Beautifully” sets out our standards across a number of areas, including, but not limited to, anti-bribery and corruption, competition law, data privacy, preventing workplace harassment and discrimination.

## Target

95% of associates to complete annual compliance training by 2025

As part of Coty’s compliance program, our associate Code of Conduct highlights the importance of ethics and compliance within the business and how we operate. It outlines the reporting process and protocols to follow should employees have any issues and sets out what our associates must do to meet our high standards. All associates receive the Code of Conduct and are expected to sign and adhere to it. Training on the Code of Conduct is provided to all new associates at the time of joining, with additional training provided globally every two years.

Our Code of Conduct is supported by our global Anti-Bribery and Anti-Corruption Policy and procedures, and provides clear guidelines that explicitly prohibit the corruption and bribery of both public and private officials. In addition, the Code of Conduct also covers areas such as Compliance with Laws, Regulations and Company Policies; Discrimination, Harassment and Bullying; Health and Safety; Safeguarding of Employee Information and Information Security; Conflicts of Interest; Gifts and Entertainment; and Fair Dealing & Compliance with Anti-Trust Laws, among others.

The Code also highlights the availability of a dedicated Coty Ethics & Compliance ‘hotline’ and good faith reporting approach. Coty encourages employees to raise any potential concerns or suspected violations of the Code. The hotline is available through multiple channels and many languages. Reporting can be made anonymously, and each report is investigated. Coty does not tolerate retaliation against anyone who makes a good faith report of known, or suspected ethical or legal misconduct. In line with global best practices, the issues received and investigated through the hotline are evaluated by the Compliance function to ensure a proper risk assessment of the concern or issue(s) raised. We report complaints data and risk areas on a quarterly basis to the Board and internal audit committee.

In FY21, to ensure that our policies remain accessible and meaningful, we updated all policies (including the Code of Conduct) and created a series of additional guidance documents related to specific issues, which our employees must adhere to, such as workplace harassment, charitable contributions, preventing workplace discrimination and others. The Code of Conduct is also now available in 13 languages.

In FY21, **4,818✓** of our in-scope<sup>1</sup> associates were trained on compliance modules on Coty Academy, a completion rate of **98%✓**.

In addition to enhancing our compliance policies, in FY21 we optimized the process for reporting incidences of Anti-Bribery and Anti-Corruption to ensure cases are resolved efficiently. To date, Coty has not been the subject of material investigations, legal cases, rulings or fines related to human and international labor rights violations.

Beyond our own operations, we use third-party due diligence tools and processes to ensure partners are conducting their business ethically and lawfully. In 2020, we launched our supplier audit pilot program in selected markets, and this year, we have begun expansion of the program globally. To date, 131✓ relevant business partners have completed the due diligence program, which covers all our high-risk vendors, suppliers and distributors.

<sup>1</sup> The scope includes all active employees, excluding employees who are on paid or unpaid leave or those who don’t have access to a private computer.



# Associate Health, Safety and Wellbeing

At Coty we strive to provide a safe and supporting working environment which fosters wellbeing, whether at home or across our corporate sites.

Our global Health and Safety Policy governs the management of work-related health and safety risks across all our manufacturing and distribution sites, including corporate offices. The policy, which is complemented by our Code of Conduct and Code of Conduct for Business Partners, sets out the principles that guide our approach to Health and Safety, as well as outlining responsibilities within the business.

Goiania DC celebrating 4 years with no accidents



To strengthen our culture of safety and wellbeing, in FY21 we launched targeted training modules for associates related to health and safety. Delivered via Coty Academy, these modules covered topics such as safe working from home practices, driving safety and mental health. We will continue to roll out additional training in the coming year and will incentivize uptake through interactive pathways and targeted engagement.

We manage the risk of accidents at our supply chain sites using our six Key Elements Audits (6 KEA) program. Under the program all supply chain sites are required to complete a safety audit annually and set out an action plan for improvement which is reviewed monthly. We have an established investigation process to identify root causes of incidents, as well as corrective actions to prevent future reoccurrence. The results of investigations are distributed to all sites to ensure improvement actions where applicable, and implementation is tracked monthly. The results of the 6 KEA program are tracked at a global level and reviewed by our safety leaders on a monthly basis. In 2022, we will expand our health and safety management strategy with the launch of an annual site audit for all corporate and non-supply chain sites. This audit will include the elements set out under 6 KEA in addition to aspects related to employee wellbeing.

The overall success of our health and safety management approach is assessed using a Total Recordable Incident Rate\*

\*Recorded incidents x 2000,000/total no. working hours on a 1-year rolling average

## Focus on wellbeing

In FY21 we established a new focus on mental health and wellbeing among our workforce, launching local Mental Health & Wellbeing committees in the USA, the Netherlands and the UK. These volunteer-led committees share relevant tips and information related to wellbeing – from sleep and nutrition to work-life balance – through monthly emails and regular posts in our Health, Safety, Environment and Wellbeing workplace group. Moving forward, Coty intends to develop additional committees in our other countries of operation to strengthen our approach to this element of associate health and safety.

(TRIR). In FY21 we recorded TRIR rates of 0.18✓, 0.16 and 0.2 across our supply chain, corporate and global operations respectively. These figures represent a decrease in incidents compared to the previous year, due to extended site closures as a result of the Covid-19 pandemic. We also improved reporting over previous years from corporate sites due to safety team membership turnover.

Coty Global recorded a TRIR\* of 0.18✓ in 2021, compared to 0.32 in 2020

FY21, we continued to focus on keeping our associates safe throughout the ongoing Covid-19 pandemic. We maintained remote working practices for our office-based associates where possible and where such practices were in line with local regulatory guidance. We also continued to support those associates who were required to work on site by monitoring the spread of infection and upholding best workplace practices for preventing Covid-19 transmission. Where short-term site closures were mandated by local regulations, we implemented checklists and work plans for the safe turn to workplaces.



## Product Safety

Ensuring that our products meet the highest standards of safety is integral to maintaining the trust of our consumers. The safety of our consumers is Coty's top priority, and every product is extensively researched to ensure it's safe when used as directed.

Coty's product development process is overseen by our R&D function. The process begins at the earliest stages of pre-conception and development, where decisions regarding product ingredients and formulation are directed by Coty's internal guidance on acceptable usage of materials. As part of this guidance, particular attention is paid to avoiding or minimizing the use of HPIMs (High Profile Ingredient and Materials), without compromising the quality of the product.

Our scientific experts review credible academic research that relates to ingredients used by the beauty industry – both as part of the R&D process and through our ongoing engagement with regulatory authorities and industry groups. This includes information drawn from government sources, association recommendations, scientific literature and consultants, as well as data from our Cosmetovigilance, Consumer Affairs, and Consumer Insights and Trends processes. Any decisions relating to the creation or reformulation of products are made accordingly.

Throughout the product development process, our products are subject to rigorous human safety assessments by our qualified safety experts. For more than 25 years, Coty has in vitro skin models to evaluate the tolerance of products, as well as predictive assessment tools such as molecular modeling systems. We ensure that all our products are safe and have been developed, manufactured and packaged in compliance with the laws, regulations and guidelines applicable in each country in which they are sold.

Once on the market, we monitor the human safety of our products through consumer feedback. In case of health-related complaints or concerns, our global Cosmetovigilance group produces expert medical case assessments, trend analysis and feedback for product development, as well as reporting to authorities.





## Governance

FY21 has been transformational for Coty, including a new CEO, leadership team, and the divestiture of the Wella Company. This year, we have also formally integrated sustainability as one of Coty's six strategic priorities, underlining the fundamental role it plays in the future of our business.

The development and implementation of Coty's sustainability strategy is led by a dedicated Global Sustainability team reporting to the CEO. Our governance has evolved, with the different business functions further integrating sustainability by appointing functional leads. The Sustainability team works hand-in-hand with these functional leads as well as Coty's brands and external partners to implement, evolve and communicate the Beauty That Lasts strategy. The functional leads and the Sustainability team meet monthly to cover cross-functional topics, with each functional lead reporting progress and updates to their leadership team.

Progress against the sustainability strategy is reported to the Executive Committee, which has the responsibility of reviewing the strategy and allocating resources accordingly. Our Board of Directors, of which a substantial majority of members are independent, a formal update on the strategy regularly, a minimum of once a year, and has oversight on all sustainability policies, programs and reporting. In 2022, we will also update the Coty Sustainability Steering Committee, which will be responsible for overseeing the company's sustainability strategy, targets and progress.

Our Principles of Corporate Governance at Board level reflect Coty's deep commitment to strive for diversity of representation among its members, and we have formalized diversity and inclusion within our Remuneration and Nomination Committee Charter. ESG-related risks are fully incorporated in our Enterprise Risk Assessment process, with interview questions focusing on ESG. These are then reported to the Board's Risk and Audit committee.





# Our Reporting

In 2015, we became a signatory to the UN Global Compact (UNGC) and have published “Communication on Progress” reports annually.

Our past disclosures are available [here](#). In recognition of formalizing our Beauty That Lasts strategy in FY21, we now publish a standalone sustainability report annually to capture all progress, whilst meeting our reporting commitment to the UNGC. This is our second report in this format.

This report covers our Fiscal Year 2021, spanning from July 1st 2020 to June 30th 2021. The report relates to the performance of the business as a whole, unless otherwise indicated. See the [Business Change section](#) for more information.

The content covers the parts of our business in which we have operational control during the period, and does not include joint ventures or outsourced operations, except where noted. As described in our other public filings with the U.S. Securities and Exchange Commission, we divested from the Wella Company on the 1st of December 2020, and this sustainability reports excludes that data set. Please see the [Methodology and Standards](#) section for more information on the methodology used in this report.

For additional information on Coty, including our Annual Report on Form 10-K and governance documents, please visit our website: <https://coty.com>

# Performance Data

## Beauty of Our Products

Performance Indicator	FY20*	FY21
<b>Product Impact</b>		
New products for which sustainability criteria is included in product conception (%)	NA	100%
<b>Supplier Assessments</b>		
Partners who are signatory to the Code of Conduct for Business Partners (total number, cumulative)	187	459✓
Supplier sites assessed under SEDEX (total number, cumulative)	350	697✓
Supplier sites assessed via SEDEX self-assessment or audit (total number, cumulative)	98	311✓
Supplier sites assessed under EcoVadis (total number, cumulative)	198	274✓
Average supplier EcoVadis score	56.9	56✓
<b>Materials and Traceability</b>		
Mass balance-certified palm oil for our production sites as proportion of palm oil purchases (%)	30	See note**
Indian Mica sourced through RMI (%)	100%	100%

\* Figures reported for FY20 include the Wella Company

\*\* Figure pending external validation

## Beauty of Our Planet

Performance Indicator	2019*	FY21
<b>Greenhouse Gas Emissions</b>		
Scope 1 (tCO <sub>2</sub> e)	20,571	16,074✓
Scope 2 (tCO <sub>2</sub> e, market based)	36,936	3,163✓
Scope 2 (tCO <sub>2</sub> e, location based)	32,584	28,091✓
Scope 3 (tCO <sub>2</sub> e)	32,370	7,764
Total Emissions (tCO <sub>2</sub> e, market based)	89,877	27,001
<b>Energy</b>		
Total energy consumption (GWh)	169.04	151.404✓
<b>Waste disposal method for waste generated in manufacturing and distribution centres</b>		
Landfilled (%)	0.49	0.30
Incineration (%)	26.39	24.81
Recycling rate (includes waste recycled, reused and composted)	73.11	74.89
<b>Water Consumption</b>		
Total water consumption (thousand m <sup>3</sup> )	572.801	481.969✓

Scope 1: Direct emissions from owned or controlled sources. Combustion of biomass is included.

Scope 2: Indirect emissions from the generation of purchased energy.

Scope 3: Indirect emissions from business travel, water use, waste, and energy transmission losses.

# Performance Data

## Beauty of Our People

Performance Indicator	FY18	FY19	FY20	FY21
Total workforce				11,645✓
Male associates				4,450✓
Female associates				7,189✓
<b>Female representation</b>				
Total workforce	57%	59%	60%	62%✓
Managers*	49%	50%	51%	56%✓
Leadership**	40%	40%	40%	38%✓
Executive Committee***	20%	14%	0%	60%
Board of Directors	11%	18%	42%	50%
<b>Associate Training and Development</b>				
Average training hours per associate on Coty Academy				6✓

\* A manager is defined as "having at least one direct report"

\*\* A leadership position is defined as Senior Directors, VP and above

\*\*\* In 2020 there were a number of leadership changes at the Executive Committee (EC) level, resulting in an interim period with low women representation.

## Fundamentals of Responsibility

Performance Indicator	FY19	FY20	FY21
<b>Ethical Behavior</b>			
Employees trained in anti-corruption training (total number)		10,743	4,818✓
Employees trained in anti-corruption training (%)		73	98✓
Business partners who have completed due diligence program (total number)		276	131✓
<b>Associate Health, Safety and Wellbeing</b>			
Coty Supply Chain TRIR*	0.23	0.46	0.2
Coty Corporate TRIR	0.39	0.24	0.16
Coty Global TRIR	0.33	0.32	0.18✓

\*Recorded incidents x 2000,000/total no. working hours on a 1-year rolling average

## Cautionary Note Regarding Diversity and Sustainability Information

This report contains information about our diversity and sustainability goals and efforts, including forward-looking statements reflecting our Company's current views with respect to, among other things: our diversity and sustainability goals and efforts; our strategic priorities; our business operations and organizational structure; future innovation; and research and development priorities. These forward-looking statements are generally identified by words or phrases such as "anticipate", "are going to", "estimate", "plan", "project", "expect", "believe", "intend", "foresee", "forecast", "will", "may", "should", "outlook", "continue", "temporary", "target", "aim", "potential", "goal" and similar words or phrases. These goals and efforts, and related forward-looking statements, involve: certain risks and uncertainties, such as changes in our business and strategic priorities (e.g. products and portfolio changes, acquisitions, divestitures, or new manufacturing or distribution locations); the standards by which achievement is measured; and the assumptions underlying a particular goal and our ability to accurately report particular information. Actual results could differ from our stated goals or the results we expect. We also may change or decide not to pursue certain goals or initiatives. Moreover, the standards by which diversity and sustainability efforts and related matters are measured are developing and evolving, and certain areas are subject to assumptions. The standards and assumptions could change over time. In addition, statements made about our Company, business or efforts may not apply to all business units (e.g. ones that have been recently acquired). We assume no responsibility to update the information contained in this report or to continue to report any information.

## Business Change

In spring 2020, we announced the sale of a majority in our Professional Beauty and Retail Hair Businesses including the Wella, Clairol, OPI and ghd brands (together the 'Wella Company'). Beginning December 1, 2020, the Wella Company is a standalone company, and Coty retains an interest in the standalone entity referred to in this report as The Wella Company. This report, covering our financial year 2021, excludes Wella Company operations and associates, unless otherwise noted.

As an important change in our business, the sale of the Wella Company required us to review and re-baseline some of our targets, in particular, our greenhouse gas emissions target.

The Covid-19 pandemic continues to have a significant impact on our business operations and the communities in which we operate. We have shared in this report, and expect to continue to share going forward, details of these impacts where known.

## Methodologies and Standards

We are committed, and adhere, to numerous international standards relevant to sustainability and ethical business conduct, including:

- The United Nations' Universal Declaration of Human Rights
- The fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises

Reporting on our greenhouse gas emissions follows the GHG Reporting Protocol. The emissions declared in this report are linked to our direct operations over which we have control.

Our reporting for Scope 1 relates to the combustion of fuels from controlled sources and fugitive gases. Our reporting for Scope 2 relates to emissions from the generation of purchased electricity or heat. Scope 2 emissions factors are extracted from the International Energy Agency for location-based emissions and used as a default if we do not have supplier-specific data. For this year the office environmental data has been estimated from the previous year taking into account the reduction of FTE linked to our separation with the Wella Company. We will resume a normal reporting process in FY22 with actual consumptions from our offices. Office consumption today represent about 13% of our global energy consumption. As part of this report, Scope 3 emissions data is limited to indirect emissions from:

- Category 1 – Purchased goods and services for our water consumption
- Category 3 – Energy transmission and losses
- Category 5 – Waste from operations
- Category 6 – Business travel

Our remaining Scope 3 emissions are reported through the CDP.

## Assurance

We engaged KPMG to provide limited assurance on selected data in this report, using the International Standard on Assurance Engagement (ISAE) 3000. Assured data is indicated with the symbol ✓.

## Alignment with the UNGC

Area	Principles	Where to find aligned action in this report
Human rights	<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p><b>Principle 2:</b> make sure they are not complicit in human rights abuses.</p>	<p>Innovating Sustainably: pages 08–13</p> <p>Expanding Clean Beauty: page 10</p>
Labor	<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p><b>Principle 4:</b> the elimination of all forms of forced and compulsory labor;</p> <p><b>Principle 5:</b> the effective abolition of child labor; and</p> <p><b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.</p>	<p>Responsible Sourcing: pages 14–17</p> <p>Diversity, Equity &amp; Inclusion: pages 29–35</p> <p>Associate Health, Safety &amp; Wellbeing: page 39</p> <p>Product Safety: page 40</p>
Environment	<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;</p> <p><b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and</p> <p><b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Climate Action: pages 19–21</p> <p>Waste: page 22</p> <p>Water: page 23</p>
Anti-Corruption	<p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Supplier Assessments: page 15</p> <p>Ethical Behavior: page 38</p>

## Partnerships

To support our sustainability strategy and commitments, we are engaged in a number of partnerships and initiatives. These help to deepen our knowledge and work with other stakeholders on key topics that require collective action. For more information on our partners, please visit the following links:

United Global Compact – [www.unglobalcompact.org/](http://www.unglobalcompact.org/)

Sustainable Packaging Initiative for Cosmetics (SPICE) – [www.open-spice.com/](http://www.open-spice.com/)

Roundtable for Sustainable Palm Oil (RSPO) – [www.rspo.org/](http://www.rspo.org/)

Responsible Mica Initiative (RMI) – [www.responsible-mica-initiative.com/](http://www.responsible-mica-initiative.com/)

Global Citizen – [www.globalcitizen.org/en/](http://www.globalcitizen.org/en/)

DKMS – [www.dkms.org.uk/en](http://www.dkms.org.uk/en)

RE100 – [www.there100.org/](http://www.there100.org/)

AIM-Progress – <https://www.aim-progress.com/>

Responsible Beauty Initiative – <https://responsiblebeautyinitiative.com/>

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